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Dee May  
Director  
Federal Regulatory Issues

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**NYNEX**

June 13, 1996

**RECEIVED**

JUN 21 1996

Federal Communications Commission  
Office of Secretary

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW Room 222  
Washington, DC 20554

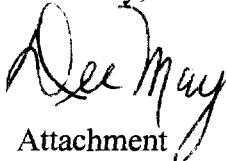
Re: CC 96-98 Implementation of the Local Competition Provisions in the Telecommunications Act of 1996

Dear Mr. Caton:

Mr. Tom Tauke, Mr. Casimir Skrzypczak and I met with Commissioner Chong and Mr. Daniel Gonzalez today to discuss NYNEX's position regarding the unbundling of network elements and network interconnection points. The two primary issues discussed included first a discussion of what elements NYNEX feels can be unbundled immediately and how to proceed to address additional elements. Secondly, we presented NYNEX's views as to who can purchase unbundled elements as outlined in the Telecommunications Act and under what conditions. All positions are consistent with those put on the record in NYNEX's Comments and Reply to Comments in CC 96-98 and with our May 7 ex parte. Please find attached charts that were distributed at the meeting.

Please contact me if you have any questions.

Sincerely,

  
Attachment

cc: Commissioner Chong  
D. Gonzalez

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# NYNEX

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## IMPLEMENTATION OF THE TELECOMMUNICATIONS ACT

JUNE 21, 1996

# GUIDING PRINCIPLES

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- IMPLEMENT THE LETTER, SPIRIT AND INTENT OF THE TELECOMMUNICATIONS ACT
- PAY FOR THE NETWORK AND PROMOTE CONSUMER CHOICE
- OPEN THE NETWORK TO COMPETITION AND PROMOTE FACILITIES BASED COMPETITION

# IMPLEMENT THE TELECOMMUNICATIONS ACT

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- PURPOSE AND INTENT:
  - » PROMOTE CONSUMER CHOICE
  - » PROVIDE FOR INTERCONNECTION OF  
COMPETING NETWORKS
  - » PROMOTE FACILITIES BASED  
COMPETITION

# IMPLEMENT THE TELECOMMUNICATIONS ACT

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- TELECOMMUNICATIONS ACT PROVIDES FOR THREE COMPETITIVE MODELS:
  - » *INTERCONNECTION*: (SECTION 251 (C) (2))  
CONNECTION OF COMPETING NETWORKS  
AND MUTUAL COMPENSATION
  - » *UNBUNDLED ACCESS*: (SECTION 251 (C) (3))  
AUGMENTING COMPETITORS NETWORKS
  - » *RESALE*: (SECTION 251 (C) (4)) “OFF THE  
SHELF” SERVICES

# PRICING PRINCIPLES

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- **FCC PRICING OBJECTIVES:**
  - » **UNBUNDLING SHOULD NOT BE USED TO AVOID PAYING RESALE OR ACCESS PRICES**
  - » **OBTAIN CORRECT PRICING LEVEL FOR UNBUNDLED ELEMENTS AND WHOLESALE SERVICES**
    - **TSLRIC IGNORES REAL COSTS**
    - **TSLRIC REDUCES INCENTIVES FOR FUTURE CAPITAL DEPLOYMENT**
    - **EMBEDDED CAPITAL COSTS ARE REAL**

# PRICING PRINCIPLES

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- IMPLICATIONS OF ACHIEVING THESE OBJECTIVES:
  - » INFRASTRUCTURE HEALTH FOR THE LONG TERM
  - » FINANCIAL HEALTH OF THE INCUMBENTS
    - JOBS
    - INVESTMENT IN THE INFRASTRUCTURE
  - » COMPETITION OF COMPETING NETWORKS AND CONSUMER CHOICE BECOMES A REALITY

# OPENING THE NETWORK

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- FCC SHOULD CREATE AN ENVIRONMENT THAT PERMITS AND PROMOTES NETWORK DEVELOPMENT AND COMPETITION
  - » INNOVATION ON MORE THAN PRICE
    - FUNCTIONS
    - SERVICES
    - CAPABILITIES



# OPENING THE NETWORK

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- JUMP-START COMPETITION
- FOCUS ON INITIAL, WORKABLE SET OF UNBUNDLED ELEMENTS
- ESTABLISH PRIORITY FOR MAXIMUM EFFECT
- ESTABLISH PROCESS FOR ACHIEVING LONGER TERM MARKET NEEDS